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AUTHOR Stout, Robert J.

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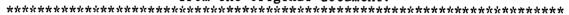
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ABSTRACT

This study examined attitudes of people about benefits of the economic impacts of two local colleges (Palmer College of Chiropractic and Scott Community College) in the metropolitan Quad Cities area of Rock Island County (Illinois) and Scott County (Iowa). The study compared impacts considered important by the community with those estimated by the majority of economic impact studies. Data were collected using focus group interviews of two sets of representatives of the local chambers of commerce, city and county governments, and the general public. Both groups felt that purchases from local businesses made by the colleges, their faculties, students and visitors were economic impacts of primary importance. Economic impacts of secondary importance included the colleges' ability to attract new businesses to the community, employee training provided by the community college, the inflation of prices for rental housing, the community college's role in retaining young people in the area, the costs of providing government services to the colleges and people affiliated with them, college-related taxes received by local governments, income from college-related jobs, foregone revenue due to the colleges' tax-exempt status, availability of college students as part-time employees for local businesses, and the colleges' nonmonetary investment benefits. It is concluded that knowledgable people have firm opinions about the economic contributions of colleges and universities, absent any economic impact studies or public relations efforts. (Contains 3 figures, 2 tables, and 10 references.) (CK)

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Community Attitudes About Economic Impacts of Colleges: A Case Study

Robert J. Stout

Associate Professor, David D. Palmer Health Sciences Library

Palmer College of Chiropractic

1000 Brady

Davenport, IA 52803-5287

(319) 326-9895

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Jean Endo Editor AIR Forum Publications



ABSTRACT

This study examined attitudes of people in one community about the economic impacts of two local colleges. Data were collected using focus group interviews of representatives of chambers of commerce, city and county governments, and the public. The most important conclusion from this study is that people may have firm opinions about the economic impacts of colleges, and may not be influenced by the results of economic impact studies. Consequently, one might question the use of institutional resources to conduct economic impact studies, if the studies' results would be used for public relations.

COMMUNITY ATTITUDES ABOUT ECONOMIC IMPACTS OF COLLEGES: A CASE STUDY

In a 1986 study, El-Khawas concluded that nearly one half of colleges and universities in the United States had completed economic impact studies by 1985. From El-Khawas' sample of 468 two-year colleges, four-year colleges and universities, she found that 46 percent of these institutions had completed economic impact studies.

Leslie and Brinkman (1988) wrote that most of these studies are conducted by institutions for their own public relations motives. Dean (1991) reported that institutions have used economic impact studies "to make the case for state appropriations, ... to address complaints about the institution's impact on local public services . . . [and] to fight an economic crisis" (p. 44). Piland and Butte (1992) investigated the use of economic impact studies by constructing and sending a survey instrument to the presidents of 26 California community college districts. They found that most economic impact studies were initiated by the chief executive officers of the respective community colleges, and that these institutions' economic impact study results were most often presented by institutional chief executive officers to governing boards, service clubs and other community organizations. Piland and Butte advised, "As a public relations gambit, it might be wise to schedule presentations at a politically opportune time, that is, before college fund-raising drives, bond issues, and so forth" (p. 237).

Colleges and universities want to demonstrate the importance of their economic relationships with their communities. Economic impact studies are used by these institutions to promote their value to the communities in which they are located. This phenomenon may be better understood by examining its place in exchange theory.

Kotler and Andreasen (1987) observe that parties "behave in ways that they perceive will leave their better off than if they behaved in some other fashion . . . [exchanging costs for benefits, and] act in certain ways because they perceive the ratio of the benefits to costs to be better than for an



alternative" (p. 69). Figure 1 shows this exchange between marketer and customer. Colleges and universities exchange costs for benefits with their communities, and use economic impact studies to show their financial benefits.

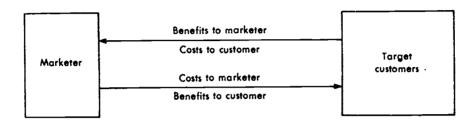


Figure 1. Costs/benefits exchange.

Note: Kotler, P., & Andreasen, A. R. (1987). <u>Strategic marketing for nonprofit organizations</u> (3rd ed.). Englewood Cliffs, NJ: Prentice-Hall, p. 70

Kotler and Andreasen (1987) identify four conditions which are necessary for an exchange relationship to exist, "There are at least two parties each can offer something that the other perceives to be a benefit or benefits each is capable of communication and delivery [and] each is free to accept or reject the offer" (p. 70). Concerning colleges' and universities' motives for conducting economic impact studies, the second condition is of particular importance. By using economic impact studies for public relations, colleges and universities are attempting to enhance community perceptions of economic benefits being offered by the institutions to the communities — to effect an advantage in the exchange relationship. One may presume that an institution's objective is to receive continuing or increased support from its community.

In order for economic impact studies of colleges and universities to have the desired public relations effects on their communities, communities must understand the economic impacts estimated by the studies to be a benefit or benefits. If the economic impact studies that colleges and universities share with their communities consist of estimates of benefits which are not recognized as valuable by



the communities, then the studies and their community presentations are wasted efforts or perhaps even damaging.

The study by Piland and Butte (1992), which was based on a survey of 26 California community college district presidents, also investigated community reaction to the economic impact studies. They wrote, "When asked to describe the community's reaction to the economic impact reports, 79% of the colleges surveyed responded 'favorable' and 16% 'highly favorable' [and] the majority of the community colleges saw 'some positive change' (53%) in the community's attitude toward their college or district" (Piland & Butte, p. 235). The results of this article may be encouraging to institutions considering economic impact studies. However, it is important to understand that the opinions which lead to these results are those of the colleges' presidents, not their communities. That this study stands alone in the area of community attitudes about economic impacts of colleges and universities, and that it sought the opinions of presidents instead of communities, indicates the need for such research.

It is important that colleges and universities use their often scarce resources with great wisdom. As institutions engage in efforts to influence exchange relationships with their communities, it will be helpful if they better understand the effects of their public relations efforts.

The primary purpose of this study was to determine a community's attitudes about the benefits, or values, of two related colleges' economic impacts. I investigated which economic impacts of the colleges are important to their community, compared them with those estimated by the majority of economic impact studies, and further investigated an economic impact study's effect on community attitudes about the economic value of two colleges.

Method

The case study method of research was used. In this case study, data were collected using focus group interviews, and analyzed using techniques suggested by Krueger (1988) and Morgan



(1988) in their books about this qualitative research method. Focus groups consisted of representatives of a community, whose attitudes about the economic impacts of two local colleges were studied.

Krueger (1988) defines a focus group interview as "a carefully planned discussion designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment" (p. 18). The discussion is relaxed and comfortable for participants as they share ideas and perceptions. Group members influence each other by responding to ideas and comments in the discussion. Morgan (1988) describes this unique quality of focus groups, "The hallmark of focus groups is the explicit use of the group interaction to produce data and insights that would be less accessible without the interaction found in a group" (p. 12). Focus group interviews are well suited to topics of attitudes and cognitions.

The community and colleges studied were the Quad Cities, Palmer College of Chiropractic and Scott Community College. The Quad Cities is a distinct metropolitan area, defined for this study as Rock Island County, Illinois and Scott County, Iowa. According to the 1990 Census of Population and Housing, the metropolitan area has a population of approximately 300,000. Palmer College of Chiropractic is an independent professional school in Davenport, Iowa with approximately 1,900 students, and Scott Community College is a public community college in Bettendorf, Iowa with approximately 3,900 students (The HEP ... Higher Education Directory, 1994).

The subjects of this study, who served as focus group participants, were representatives of Quad Cities chambers of commerce, city and county governments, and the public. Systematic samples were selected from chamber of commerce membership directories, the blue pages of the telephone directory, and the white pages of the telephone directory. These people were invited by telephone.



As shown in Figure 2, two sets of focus group interviews were conducted, Sets A and B. Each set included focus groups of chamber of commerce, government and public participants. Figure 2 also shows the number of participants in each focus group. All focus groups had the same moderator, who asked the same questions aimed to encourage participants to discuss which economic impacts of Palmer College of Chiropractic and Scott Community College they perceived to be most important to the Quad Cities. Before the interviews, Set B participants were mailed the results of an economic impact study. It used the Caffrey and Isaacs (1971) method to study the economic impacts of Palmer College of Chiropractic and Scott Community College on the Quad Cities. As show in Figure 3, the Caffrey and Isaacs method estimates twelve separate economic impacts. The Caffrey and Isaacs method has been used more often than any other method of conducting college and university economic impact studies (Leslie & Brinkman, 1988).

Focus group interviews were tape recorded, transcribed, and qualitatively analyzed. While 35 different economic impacts were mentioned by the seven focus groups, within the individual groups, some impacts seemed more important than others. While an economic impact's level of importance to a focus group seemed related to the frequency with which it was mentioned, its value was judged by the number of different participants within a group who said it was important. Some participants were much more vocal than others, and the opinions of less vocal participants were as important as those of more vocal participants. Therefore, the number of different focus group participants commenting on a economic impact's importance was valued higher than the frequency of comments about a economic impacts' importance within a group.

Economic impacts judged to be of primary importance to individual focus groups are those which 0.67 or more of the participants said are important (e.g., seven or more of ten participants). Economic impacts of secondary importance are those which between 0.33 and 0.67 of the focus groups' participants said are important (e.g., four to six of ten participants).



Chambers of Commerce 9 Participants

City & County Governments
10 Participants

The Public 6 Participants

SET B

*** With Knowledge of***

Economic Impact Study Results

Chambers of Commerce
9 Participants

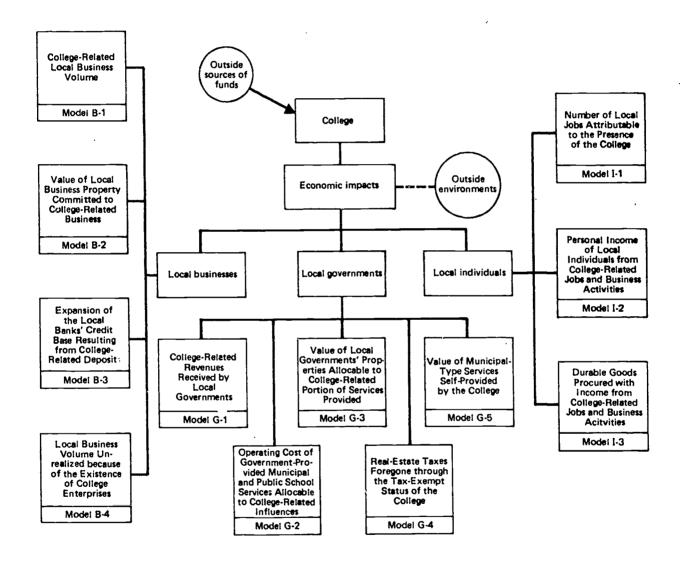
City & County Governments 8 Participants

***The Public (Group A) ***
9 Participants

***The Public (Group B) ***
6 Participants

Figure 2. Two tets of focus group interviews





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Figure 3, Caffrey and Isaacs method

Note: Caffrey, J. & Isaacs, H. H. (1971). Estimating the impact of a college or university on the local economy. Washington, DC: American Council on Education, p. 10



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Set A Focus Group Interviews

Set A chamber of commerce members felt that the colleges' consumption benefits, and purchases from local businesses made by the colleges and their students were economic impacts of primary importance. According to Leslie and Brinkman (1988), consumption benefits are short-term socialbenefits which do not lend themselves to being assigned dollar values, and are reaped by non-students and students of a college's or university's community. Leslie and Brinkman provide examples of consumption benefits, "athletic events, musical and dramatic presentations, and many community service activities . . . educational television programming . . . [and] college libraries and bookstores" (p. 77). Economic impacts of secondary importance to this focus group were the colleges' ability to attract new businesses to the community, employee training provided by the community 'ollege, the inflation of prices for rental housing adjacent to the chiropractic college, the community college's role in retaining young people in the area who might otherwise leave, and foregone revenue due to the colleges' tax-exempt status.

Set A representatives of city and county governments felt that purchases from local businesses made by the colleges, and their students and visitors were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were the colleges' consumption benefits, and the costs of providing government services to the colleges and people affiliated with the colleges.

Set A representatives of the public relt that purchases from local businesses made by the colleges, and their faculties, students and visitors were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were college-related eaxes received by local governments, the colleges' consumption benefits, the feeling that many of the chiropractic students were older and remained in the area after graduation, income from college-related jobs, and



foregone revenue due to the colleges' tax-exempt status.

As shown in Table 1, five economic impacts of the colleges were most important to these community representatives who participated in Set A focus groups. In order of importance, they are:

(a) Purchases from local businesses made by the colleges' students, (b) the colleges themselves, and (c) the colleges' visitors, (d) the colleges' consumption benefits, and (e) purchases from local businesses made the colleges' faculties. These five economic impacts were judged most important because each was of primary importance to one or more focus groups. Order of importance was judged by how many focusgroups felt each economic impact was of primary importance, then secondary importance. Even though purchases from local businesses made by the colleges and their students were both of primary importance to all three focus groups, student spending was judged more important that by the institutions because it was mentioned more frequently. Comments such as "Those kids bring dollars into the community" were common. Other comments included:

- 1. "The Palmer College impact, the bringing of students and therefore many dollars into the community in the way of tuition, room and board, and support. A!l that comes from outside the community."
- 2. "The [most important] impact of the students that come in for . . . [the chiropractic college] from out of town . . . [is] rental properties, restaurants, and different services that they need while they are going to school."
- 3. "I would think that the major impact has got to be for the fast food restaurants and the liquor stores; the taverns near the schools."
- 4. "I would say the business just on rental, the housing situation, and the entertainment and the food services and all that these students, especially Palmer [are most important]."
- 5. "Well, the influx of [the chiropractic college] students adding to the economy [would be most important]. I mean buying groceries, renting houses, buying homes, staying here, living here."



6. "I see two different impacts for the two different schools. I look at Palmer as bringing students in, bringing that money With Scott Community College . . . [students are] mostly people that live in Scott community."

Table 1

Most Important Economic Impacts to Set A Focus Groups, Ranked in Order of Importance

- 1. Purchases from local businesses made by the colleges' students.
- 2. Purchases from local businesses made by the colleges.
- 3. Purchases from local businesses made by the colleges' visitors.
- 4. The colleges' consumption benefits.
- 5. Purchases from local businesses made by the colleges' faculties.

Most economic impact studies would estimate four of the five economic impacts which were most important to the community representatives who participated in Group A focus groups. More economic impact studies have used the Caffrey and Isaacs method than any other method (Leslie & Brinkman, 1988). Purchases from local businesses made by the colleges' students, the colleges themselves, the colleges' visitors, and the colleges' faculties are estimated by Model B-1 of the method (see Figure 3). Caffrey and Isaacs (1971) describe the Model B-1 economic impact, "Model B-1 and its component submodels accumulate the direct purchases from local businesses made by the college and faculty, staff, students, and visitors" (p. 10). Consumption benefits are not estimated by the Caffrey and Isaacs method. The other eleven Caffrey and Isaacs method economic impacts are not among the five most important.



Set B Focus Group Interviews

As stated earlier, participants of Set B focus group interviews were mailed results of an economic impact study before the interviews (see Figure 3). It used the Caffrey and Isaacs (1971) method to study the economic impacts of Palmer College of Chiropractic and Scott Community College on the Quad Cities.

Set B chamber of commerce members felt that the colleges' consumption benefits, employee training provided by the community college, and purchases from local businesses made by the colleges and their students were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were the colleges' ability to attract new businesses to the community, a feeling that the colleges' students provide good, part-time employees for local businesses, and foregone revenue due to the colleges' tax-exempt status.

Set B representatives of city and county governments felt that the costs of providing government services to the colleges and people affiliated with the colleges, purchases from local businesses made by the colleges and their faculties, staffs and students, and foregone revenue due to the colleges' tax-exempt status were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were college-related taxes received by local governments and the colleges' consumption benefits.

There were two focus groups of Set B representatives of the public. The first group, Group A, felt that purchases from local businesses made by the colleges and their faculties, staffs and students were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were college-related taxes received by local governments and local jobs attributable to the presence of the colleges. The other group, Group B, felt that purchases from local businesses made by the colleges and their students were economic impacts of primary importance. Economic impacts of secondary importance to this focus group were college-related taxes received by



local governments, the colleges' consumption benefits, the colleges' nonmonetary investment benefits, and the costs of providing government services to the colleges and people affiliated with the colleges. According to Leslie and Brinkman (1988), nonmonetary investment benefits are long-term social benefits which do not lend themselves to being assigned dollar values, and are reaped by non-students and students of a college's or university's community. Examples of nonmonetary investment benefits are lower crime rates, lower welfare and Medicaid costs, liberality, community leadership and volunteer activities, philanthropy, more taxes paid, higher social productivity, and research and development.

As shown in Table 2, eight economic impacts of the colleges were most important to these community representatives who participated in Set B focus groups. In order of importance, they are:

(a) Purchases from local businesses made by the colleges' students, (b) the colleges themselves, (c) the colleges' faculties, and (d) the colleges' staffs, (e) the colleges' consumption benefits, (f) the costs of providing government services to the colleges and people affiliated with the colleges, (g) foregone revenue due to the colleges' tax-exempt status, and (h) employee training provided by the community college. These eight economic impacts were of primary importance to one or more Set B focus groups. Order of importance was judged the same as it was for Set A focus groups. Some of these economic impacts are followed, in parentheses, by their order of importance to Set A focus groups.

Comparison

Community attitudes about the importance of the colleges' economic impacts seemed unaffected by the economic impact study. Both sets of focus groups, Set A and Set B, felt that purchases from local businesses made by the colleges' students was their economic impact of greatest value, followed by purchases made by the institutions. In addition, both sets of focus groups felt purchases from local businesses made by the colleges' faculties and consumption benefits were among their most important economic impacts, although the order of importance differed.



Table 2

Most Important Economic Impacts to Set B Focus Groups, Ranked in Order of Importance

- 1. Purchases from local businesses made by the colleges' students. (1)
- 2. Purchases from local businesses made by the colleges. (2)²
- 3. Purchases from local businesses made by the colleges' faculties. (5)2
- 3. Purchases from local businesses made by the colleges' staffs.
- 5. The colleges' consumption benefits. (4)²
- 6. The costs of providing government services to the colleges and people affiliated with the colleges.
- 7. Foregone revenue due to the colleges' tax-exempt status.
- 8. Employee training provided by the community college.

Four economic impacts were important to Set B focus groups, but not Set A: (a) Purchases from local businesses made by the colleges' staffs, (b) the costs of providing government services to the colleges and people affiliated with the colleges, (c) foregone revenue due to the colleges' tax-exempt status, and (d) employee training provided by the community college. Staff purchases is included in Model B-1 of the Caffrey and Isaacs (1971) method, which was among the economic impacts which Set A focus groups felt were important. Employee training was not among the economic impact study's results. The cost of providing government services and foregone tax revenue were included in the economic impact study's results, but their importance to Set B focus groups is inconclusive for three reasons:

1. The only focus group that felt these economic impacts were of primary importance was the one comprised of government participants. Their perceptions may have been more the product of their occupations, or too strong a sense of representing government, than an effect of the economic

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^{*}Set A order of importance.

Community Attitudes 16 impact study results.

- 2. Both of these economic impacts are near the bottom in the order of importance on Table 2.

 The chamber of commerce and public focus groups of Set B felt they were of secondary importance.
- 3. Set A focus groups also felt these economic impacts were of secondary importance.

Purchases from local businesses made by the colleges' visitors was important to Set A focus groups, but not Set B. However, visitor purchases is included in Model B-1 of the Caffrey and Isaacs (1971) method, which was among the economic impacts which Set B focus groups felt were important.

Two other findings of interest were the focus groups' feelings about community colleges' ability to improve people's economic circumstances, and the use of multipliers in economic impact studies. All of the focus groups felt that the community college enabled local people to improve the economic aspects of their lives by attending technical classes and pursuing related careers in the community; this seemed as important to these groups as economic impacts judged to be of secondary importance. While college and university economic impact studies seek to measure benefits accruing to community members exclusive of the benefits to students themselves, it is interesting that all the focus groups felt this benefit of the community college to be so important, even though they were not asked about it. Participants in five of the focus groups expressed some knowledge of economic impact studies' use of multipliers, and seemed generally skeptical of their use.

Implications

This research was only a case study. Still, colleges and universities who would use economic impact studies to effect an advantage in their exchange relationships with their communities may find these conclusions interesting and informative.

Use of a Caffrey and Isaacs method economic impact study, consisting of twelve economic impacts, would go largely unappreciated by the participants of Set A focus groups of this study.



Eleven of twelve economic impacts estimated by the method were not among those felt to be most important by these focus groups, and so use of the method may not effect an advantage in the colleges' exchange relationship.

If the colleges conduct a economic impact study, they may be wise to devote their resources to estimating and presenting the economic impacts made by the colleges and their faculty, students and visitors. These economic impacts were among those judged most important by Set A focus groups, and can be easily estimated by using appropriate sub-models of the Caffrey and Isaacs (1971) method which result in "college-related local business volume" (p. 10).

The colleges could present these few economic impacts to their community over and over.

For example, since local spending by the chiropractic college students is perceived to be of great economic importance, the college should use all appropriate opportunities to inform the community of this economic impact. This economic impact could be posted in the college's elevators, and in the lobbies of the college's public clinics.

Both colleges may also be wise to better promote their consumption benefits to their community, particularly their community service activities, since this economic impact was among those judged most important by Set A focus groups. This promotion may be particularly beneficial to the community college, since spending by their local students was perceived by some focus groups as less economically important than that by the chiropractic college's students, who are mostly not local.

It is difficult to conclude anything with confidence about changes in attitudes from exposure to the economic impact study results. This is a consequence of the limitation of design controls. It was recognized that a methodological limitation of presenting the economic impact study results by mail is that one could not be sure participants actually read them. Alternative ways of presenting results were considered, but rejected. Sending a press release to local newspapers was considered, but rejected because one could not be sure they would be published, or read by participants if they were



published. Personally presenting results of the economic impact study before focus group interviews was considered, but rejected because the time spent doing so could distract from the focus groups.

One cannot generalize from the results of this case study beyond the fact that they reflect the attitudes of a select group of individuals. While the investigator attempted to recruit a sample of residents who are representative of the community, the sample was not representative. For example, of 57 people who attended the focus group interviews, most were college educated white males.

The most important conclusion from this study is that knowledgeable people have firm opinions about the economic contributions of colleges and universities, absent any economic impact studies or public relations efforts. Consequently, one might question the use of institutional resources for economic impact studies, if the studies would be conducted for public relations motives.

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